

March 10, 2022

The Honorable Adam Smith, Chairperson
House Committee on Taxation
Statehouse, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2728 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2728 is respectfully submitted to your committee.

HB 2728 would create a new a tax credit in an amount equal to the total amount contributed to a nonprofit organization for the purpose of installing qualified accessibility modification projects at the nonprofit organization's facility. The tax credit would be non-refundable and cannot be carried forward. The nonprofit organization would be required to register with the Department of Revenue prior to accepting any contributions. The taxpayer would be prohibited from participating in the Disabled Access Tax Credit Program for the same project. Taxpayers would be able to claim the tax credit beginning in tax year 2023.

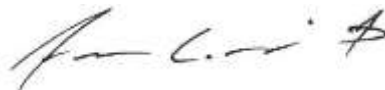
The Department of Revenue indicates HB 2728 would reduce State General Fund revenues by unknown amounts beginning in FY 2024. The Department does not have data on the number of nonprofit organizations that would register with the Department or the number of qualified accessibility modification projects that could qualify for this new tax credit in order to provide a precise fiscal note.

The Department of Revenue indicates that it would require a total \$213,650 from the State General Fund in FY 2024 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to answer questions from taxpayers and to manage this new tax credit program. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total \$66,117 from the State General Fund in FY 2025. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming

resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Insurance Department indicates that the bill would also allow insurance companies to claim this new tax credit. If insurance companies claim this tax credit, then it would reduce insurance premiums taxes collections that are distributed to the Start General Fund (99.0 percent) and the Insurance Service Regulation Fund (1.0 percent). The Insurance Department indicates it would require \$1,000 from the Insurance Service Regulation Fund in FY 2024 for computer programming costs that would allow the processing of insurance premium tax returns that include this new tax credit. Any fiscal effect associated with HB 2728 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Bobbi Mariani, Insurance